



Fiscal Year 2009/10

**Project Development
Cost Report and
Project Delivery Report**

**Annual Report to the
California State Legislature**



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Executive Summary

This report provides information on the status and progress of project delivery by the California Department of Transportation (Department) and reports project development costs for programmed State Transportation Improvement Program (STIP) projects.

This report fulfills the Department's statutory annual reporting requirement outlined in Government Code sections 14524.16 and 14525.5 as follows:

Government Code Section 14524.16

(a) The department shall, as part of the reports required pursuant to Sections 14524.16 and 14525.5, report on its costs of project development for all state transportation improvement program projects awarded during the previous fiscal year.

Government Code Section 14525.5

(a) The department shall submit a project delivery report to the Governor and the Legislature not later than November 15 of each year. The report shall include all state highway projects that are included in the adopted state transportation improvement program costing one million dollars (\$1,000,000) or more and for which the department is the responsible agency for project development work.

Project Development Cost Report

As defined in Government Code section 14524.16, cost of project development includes all noncapital costs incurred by the Department from completion of the project study report through the award of the construction contract.

The cost of project development for programmed STIP projects that were awarded in Fiscal Year 2009/10 was 19 percent. The three-year average cost of project development for fiscal years 2007/08 through 2009/10 was 20 percent.

Project Delivery Report

For fiscal year 2009/10, the Department delivered 741 projects valued at \$3.758 billion from all funding programs. This includes the Department's delivery commitments in the Director's "Contract for Delivery" emergency projects, minor program projects and program amendments that were delivered.

In fiscal year 2005/06, former Department Director Will Kempton initiated the "Contract for Delivery" to improve the Department's delivery performance. Each year, the Director signs a contract with each of the Department's 12 district directors committing the delivery of specific projects within the planned quarter of the fiscal year.

Executive Summary (Continued)

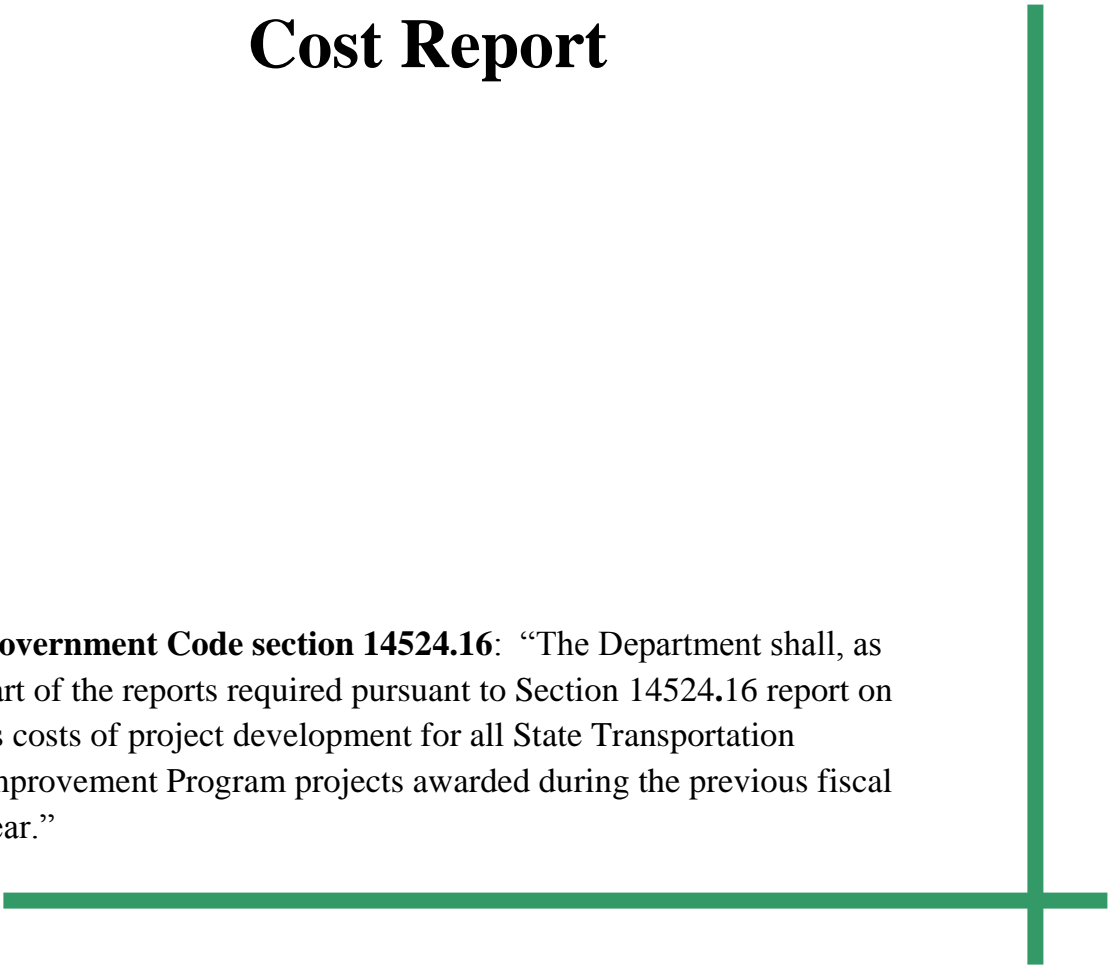
Delivery is measured when the project has achieved Ready to List for advertising status. This has been very successful in improving on-time delivery performance. In the fiscal year 2009/10 contract, 304 deliveries (out of 306 planned) were achieved for a 99 percent success rate.

During the past five years, the Contract for Delivery committed delivery of 1,394 major projects with a construction value of more than \$14.0 billion. Of these projects, 1,391 were delivered on time, which translates into a 99.8 percent delivery record.



Fiscal Year 2009/10 Project Development Cost Report

Government Code section 14524.16: “The Department shall, as part of the reports required pursuant to Section 14524.16 report on its costs of project development for all State Transportation Improvement Program projects awarded during the previous fiscal year.”



Fiscal Year 2009/10 Cost Report

Section 14524.16 of the Government Code requires the California Department of Transportation (Department) to submit a report on its cost of project development for all programmed State Transportation Improvement Program (STIP) projects awarded during the fiscal year.

This section requires that the “cost of project development includes all non-capital costs incurred by the Department from completion of the project study report through award of the construction contract.” These costs include the share of distributed departmental overhead attributable to project development activities, with the exception of tort payments,

legal costs associated with those payments, and central administrative services.

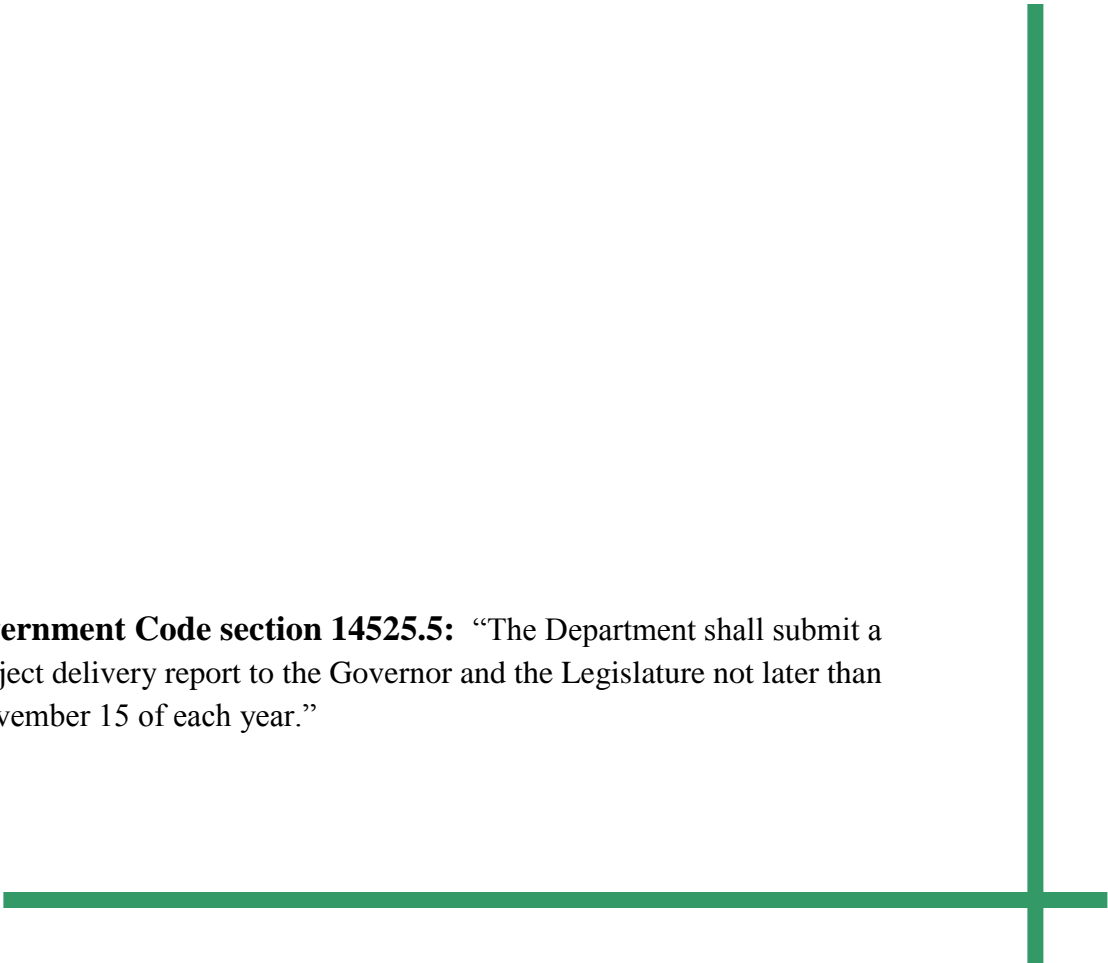
According to the Government Code, the average cost of project delivery for the report year and two previous years shall not exceed the 20 percent target.

The cost of project development for programmed STIP projects in fiscal year 2009/10 was 19 percent of the contract allotments and right of way capital for those projects. The three-year average cost of project development for fiscal years 2007/08 through 2009/10 was 20 percent.



Fiscal Year 2009/10 Project Delivery Report

Government Code section 14525.5: “The Department shall submit a project delivery report to the Governor and the Legislature not later than November 15 of each year.”



Fiscal Year 2009-10 Project Delivery Report

Section 14525.5 of the Government Code requires the California Department of Transportation (Department) to submit an annual report to the Governor and the Legislature on the Department's Project Delivery for the prior fiscal year. The "Fourth Quarter Fiscal Year 2009/10 Project Delivery Report" to the California

Transportation Commission (Attachment A under this cover) fulfills the intent of this requirement. For fiscal year 2009/10 the Department delivered a total of 741 projects valued at \$3.758 billion from all funding programs as detailed in the attached report.